

AMENDED IN ASSEMBLY MARCH 2, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

**ASSEMBLY BILL**

**No. 151**

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**Introduced by Assembly Members Burke and Cooper  
(Coauthors: Assembly Members ~~Low~~ Gipson, Grayson, Low, and  
Rubio)**

January 11, 2017

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*An act to amend Section 38561, 38562, and 38566 of, to add Section 38567 to, and to add and repeal Section 38568 of, the Health and Safety Code, relating to greenhouse gases.*

LEGISLATIVE COUNSEL'S DIGEST

AB 151, as amended, Burke. California Global Warming Solutions Act of 2006: market-based compliance—~~mechanisms~~. *mechanisms: scoping plan: report.*

~~The~~

(1) *The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The state board is required to approve a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020 and to ensure that statewide greenhouse gas emissions are reduced to at least 40% below the 1990 level by 2030.*

*The act requires the state board to prepare and approve a scoping plan for achieving the maximum technologically feasible and cost-effective reductions in greenhouse gas emissions and to update the scoping plan at least once every 5 years.*

*This bill would require the state board to report to the appropriate policy and fiscal committees of the Legislature to receive input, guidance, and assistance before adopting guidelines and regulations implementing the scoping plan and a regulation ensuring statewide greenhouse gas emissions are reduced to at least 40% below the 1990 level by 2030.*

*This bill would require the state board, no later than January 1, 2019, and in conjunction with specified stakeholders, to report to the Legislature on the need for increased education, career technical education, job training, and workforce development in ensuring that statewide greenhouse gas emissions are reduced to at least 40% below the statewide greenhouse gas emissions limit no later than December 31, 2030, and as a result of the scoping plan, as specified.*

~~The~~

*(2) The act authorizes the state board to include the use of market-based compliance mechanisms and to adopt a regulation that establishes a system of market-based declining annual aggregate emissions limits for sources or categories of sources that emit greenhouse gases, applicable from January 1, 2012, to December 31, 2020, inclusive, as specified.*

~~This bill would state the intent of the Legislature to enact legislation that authorizes the state board to utilize a market-based compliance mechanism after December 31, 2020, in furtherance of the statewide greenhouse gas emissions limit of at least 40% below the 1990 level by 2030.~~

*This bill would no longer limit the applicability of a regulation that establishes a system of market-based declining annual aggregate emissions limits for sources or categories of sources that emit greenhouse gases from January 1, 2012, to December 31, 2020.*

*This bill would establish the Compliance Offsets Protocol Task Force for the purpose of investigating, analyzing, and providing guidance to the state board in approving new offset protocols for a market-based compliance mechanism adopted pursuant to this part with a priority on the development of new urban offset protocols, as specified. The bill would require the state board, in conjunction with the task force, to develop a multitiered incentive system for compliance offset credits, as specified.*

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

~~SECTION 1. It is the intent of the Legislature to enact later legislation to achieve the maximum technologically feasible and cost-effective reductions in greenhouse gas emissions in furtherance of the statewide greenhouse gas emissions limit target of at least 40 percent below 1990 levels by 2030, pursuant to Section 38566 of the Health and Safety Code, by authorizing the State Air Resources Board to use a market-based compliance mechanism beyond the year 2020.~~

*SECTION 1. Section 38561 of the Health and Safety Code is amended to read:*

38561. (a) (1) On or before January 1, 2009, the state board shall prepare and approve a scoping plan, as that term is understood by the state board, for achieving the maximum technologically feasible and cost-effective reductions in greenhouse gas emissions from sources or categories of sources of greenhouse gases by 2020 under this division. ~~The~~

(2) *The* state board shall consult with all state agencies with jurisdiction over sources of greenhouse gases, including the Public Utilities Commission and the State Energy Resources Conservation and Development Commission, on all elements of its plan that pertain to ~~energy-related matters~~ *energy-related matters*, including, but not limited to, electrical generation, load based-standards or requirements, the provision of reliable and affordable electrical service, petroleum refining, and statewide fuel supplies to ensure the greenhouse gas emissions reduction activities to be adopted and implemented by the state board are complementary, nonduplicative, and can be implemented in an efficient and cost-effective manner.

(b) The plan shall identify and make recommendations on direct ~~emission~~ *emissions* reduction measures, alternative compliance mechanisms, market-based compliance mechanisms, and potential monetary and nonmonetary incentives for sources and categories of sources that the state board finds are necessary or desirable to facilitate the achievement of the maximum feasible and cost-effective reductions of greenhouse gas emissions by 2020.

(c) In making the determinations required by subdivision (b), the state board shall consider all relevant information pertaining to greenhouse gas emissions reduction programs in other states,

1 localities, and nations, including the northeastern states of the  
2 United States, Canada, and the European Union.

3 (d) The state board shall evaluate the total potential costs and  
4 total potential economic and noneconomic benefits of the plan for  
5 reducing greenhouse gases to California's economy, environment,  
6 and public health, using the best available economic models,  
7 emission estimation techniques, and other scientific methods.

8 (e) In developing its plan, the state board shall take into account  
9 the relative contribution of each source or source category to  
10 statewide greenhouse gas emissions, and the potential for adverse  
11 effects on small businesses, and shall recommend a de minimis  
12 threshold of greenhouse gas emissions below which ~~emission~~  
13 *emissions* reduction requirements will not apply.

14 (f) In developing its plan, the state board shall identify  
15 opportunities for ~~emission reductions~~ *emissions reduction* measures  
16 from all verifiable and enforceable voluntary actions, including,  
17 but not limited to, carbon sequestration projects and best  
18 management practices.

19 (g) The state board shall conduct a series of public workshops  
20 to give interested parties an opportunity to comment on the plan.  
21 The state board shall conduct a portion of these workshops in  
22 regions of the state that have the most significant exposure to air  
23 pollutants, including, but not limited to, communities with minority  
24 populations, communities with low-income populations, or both.

25 (h) The state board shall update its plan for achieving the  
26 maximum technologically feasible and cost-effective reductions  
27 of greenhouse gas emissions at least once every five years.

28 (i) (1) *The state board shall report to the appropriate policy*  
29 *and fiscal committees of the Legislature to receive input, guidance,*  
30 *and assistance before adopting guidelines and regulations*  
31 *implementing the scoping plan adopted pursuant to this section.*

32 (2) *A report to be submitted pursuant to this subdivision shall*  
33 *be submitted in compliance with Section 9795 of the Government*  
34 *Code.*

35 SEC. 2. *Section 38562 of the Health and Safety Code is*  
36 *amended to read:*

37 38562. (a) On or before January 1, 2011, the state board shall  
38 adopt greenhouse gas ~~emission~~ *emissions* limits and ~~emission~~  
39 *emissions* reduction measures by regulation to achieve the  
40 maximum technologically feasible and cost-effective reductions

1 in greenhouse gas emissions in furtherance of achieving the  
2 statewide greenhouse gas emissions limit, to become operative  
3 beginning on January 1, 2012.

4 (b) In adopting regulations pursuant to this section and Part 5  
5 (commencing with Section 38570), to the extent feasible and in  
6 furtherance of achieving the statewide greenhouse gas emissions  
7 limit, the state board shall do all of the following:

8 (1) Design the regulations, including distribution of emissions  
9 allowances where appropriate, in a manner that is equitable, seeks  
10 to minimize costs and maximize the total benefits to California,  
11 and encourages early action to reduce greenhouse gas emissions.

12 (2) Ensure that activities undertaken to comply with the  
13 regulations do not disproportionately impact low-income  
14 communities.

15 (3) Ensure that entities that have voluntarily reduced their  
16 greenhouse gas emissions prior to the implementation of this  
17 section receive appropriate credit for early voluntary reductions.

18 (4) Ensure that activities undertaken pursuant to the regulations  
19 complement, and do not interfere with, efforts to achieve and  
20 maintain federal and state ambient air quality standards and to  
21 reduce toxic air contaminant emissions.

22 (5) Consider cost-effectiveness of these regulations.

23 (6) Consider overall societal benefits, including reductions in  
24 other air pollutants, diversification of energy sources, and other  
25 benefits to the economy, environment, and public health.

26 (7) Minimize the administrative burden of implementing and  
27 complying with these regulations.

28 (8) Minimize leakage.

29 (9) Consider the significance of the contribution of each source  
30 or category of sources to statewide emissions of greenhouse gases.

31 ~~(c) In furtherance of achieving the statewide greenhouse gas~~  
32 ~~emissions limit, by January 1, 2011, the~~ The state board may adopt  
33 a regulation that establishes a system of market-based declining  
34 annual aggregate ~~emission~~ *emissions* limits for sources or  
35 categories of sources that emit greenhouse ~~gas emissions~~,  
36 ~~applicable from January 1, 2012, to December 31, 2020, inclusive,~~  
37 ~~gases~~ that the state board determines will achieve the maximum  
38 technologically feasible and cost-effective reductions in greenhouse  
39 gas emissions, in the aggregate, from those sources or categories  
40 of sources.

(d) Any regulation adopted by the state board pursuant to this part or Part 5 (commencing with Section 38570) shall ensure all of the following:

(1) The greenhouse gas ~~emission~~ *emissions* reductions achieved are real, permanent, quantifiable, verifiable, and enforceable by the state board.

(2) For regulations pursuant to Part 5 (commencing with Section 38570), the reduction is in addition to any greenhouse gas ~~emission~~ *emissions* reduction otherwise required by law or regulation, and any other greenhouse gas ~~emission~~ *emissions* reduction that otherwise would occur.

(3) If applicable, the greenhouse gas ~~emission~~ *emissions* reduction occurs over the same time period and is equivalent in amount to any direct emission reduction required pursuant to this division.

(e) The state board shall rely upon the best available economic and scientific information and its assessment of existing and projected technological capabilities when adopting the regulations required by this section.

(f) The state board shall consult with the Public Utilities Commission in the development of the regulations as they affect electricity and natural gas providers in order to minimize duplicative or inconsistent regulatory requirements.

(g) ~~After January 1, 2011, the~~ The state board may revise regulations adopted pursuant to this section and adopt additional regulations to further the provisions of this division.

*SEC. 3. Section 38566 of the Health and Safety Code is amended to read:*

38566. (a) In adopting rules and regulations to achieve the maximum technologically feasible and cost-effective greenhouse gas emissions reductions authorized by this division, the state board shall ensure that statewide greenhouse gas emissions are reduced to at least 40 percent below the statewide greenhouse gas emissions limit no later than December 31, 2030.

(b) (1) *The state board shall report to the appropriate policy and fiscal committees of the Legislature to receive input, guidance, and assistance before adopting rules and regulations implementing this section.*

1     (2) A report to be submitted pursuant to this subdivision shall  
2     be submitted in compliance with Section 9795 of the Government  
3     Code.

4     SEC. 4. Section 38567 is added to the Health and Safety Code,  
5     to read:

6     38567. (a) The Compliance Offsets Protocol Task Force is  
7     hereby established for the purpose of investigating, analyzing, and  
8     providing guidance to the state board in approving new offset  
9     protocols for a market-based compliance mechanism adopted  
10    pursuant to this part with a priority on the development of new  
11    urban offset protocols.

12    (b) The Compliance Offsets Protocol Task Force shall consist  
13    of multiple stakeholders, including, but not limited to, all of the  
14    following:

15    (1) Scientists.

16    (2) Representatives from air pollution control and air quality  
17    management districts.

18    (3) Carbon market experts.

19    (4) Environmental justice advocates.

20    (5) Labor and workforce representatives.

21    (6) Forestry and agriculture experts.

22    (7) Business representatives.

23    (c) The state board, in conjunction with the Compliance Offsets  
24    Protocol Task Force, shall develop a multitiered incentive system  
25    for compliance offset credits in the following order:

26    (1) Offsets in disadvantaged communities, as identified pursuant  
27    to Section 39711.

28    (2) Offsets in communities with stationary sources that emit  
29    greenhouse gases and are regulated by the state board.

30    (3) Offsets in the state or on Native American or tribal lands.

31    (4) Offsets in territories linked to the state through a greenhouse  
32    gas emission trading program.

33    (5) Offsets in the United States.

34    SEC. 5. Section 38568 is added to the Health and Safety Code,  
35    to read:

36    38568. (a) No later than January 1, 2019, the state board shall  
37    report to the Legislature on the need for increased education,  
38    career technical education, job training, and workforce  
39    development in ensuring that statewide greenhouse gas emissions  
40    are reduced to at least 40 percent below the statewide greenhouse

1 *gas emissions limit no later than December 31, 2030, pursuant to*  
2 *Section 38566, and as a result of the scoping plan, adopted*  
3 *pursuant to Section 38561. The state board shall work in*  
4 *conjunction with all of the following:*

- 5 (1) *Secretary of Labor and Workforce Development.*
- 6 (2) *California Workforce Development Board.*
- 7 (3) *State Department of Education.*
- 8 (4) *California Community Colleges.*
- 9 (5) *Trustees of the California State University.*
- 10 (6) *Regents of the University of California.*
- 11 (7) *Interested stakeholders.*
- 12 (8) *Green Collar Jobs Council, established pursuant to Section*  
13 *15002 of the Unemployment Insurance Code.*

14 (b) *The report shall include, but need not limited to, providing*  
15 *policy guidance and recommendations on all of the following:*

- 16 (1) *Creating and retaining jobs and stimulating economic*  
17 *activity in the state.*
- 18 (2) *Preparing the state's pupils and students with career*  
19 *technical education for the green economy.*
- 20 (3) *Preparing the state's pupils, students, and workers with the*  
21 *skills necessary to successfully compete in the global economy.*
- 22 (4) *Developing worker retraining programs to assist the existing*  
23 *workforce with the necessary tools to upgrade their skills resulting*  
24 *in a just transition, as that term is defined by the state board.*
- 25 (5) *Responding to the job creation and workforce needs of the*  
26 *state's new and emerging industries, including emerging*  
27 *technologies that will result in greater greenhouse gas emissions*  
28 *reductions.*
- 29 (6) *Integrating workforce skill requirements with the rapidly*  
30 *changing local and regional labor markets.*
- 31 (7) *Developing job training programs to assist specific*  
32 *populations, such as at-risk youth, displaced workers, veterans,*  
33 *and others facing barriers to employment.*
- 34 (8) *Targeting workforce development programs and activities*  
35 *in disadvantaged communities, as identified pursuant to Section*  
36 *39711, and communities that are located near entities regulated*  
37 *by the state board pursuant to this division.*
- 38 (9) *Identifying and leveraging state and federal funding*  
39 *resources, including, but not limited to, moneys collected through*  
40 *a market-based compliance mechanism, developed pursuant to*



1 *Part 5 (commencing with Section 38570), to implement the*  
2 *recommendations made in the report consistent with the regulatory*  
3 *purposes of this division.*

4 *(c) (1) A report to be submitted pursuant to this section shall*  
5 *be submitted in compliance with Section 9795 of the Government*  
6 *Code.*

7 *(2) Pursuant to Section 10231.5 of the Government Code, this*  
8 *section is repealed on January 1, 2023.*

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